

# House File 679 - Introduced

HOUSE FILE \_\_\_\_\_  
BY KAUFMANN

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act providing for the establishment of a digital film  
2 equipment conversion program and fund and making an  
3 appropriation.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 1430YH 83  
6 tw/nh/8

PAG LIN

1 1 Section 1. NEW SECTION. 15.394 DIGITAL FILM EQUIPMENT  
1 2 CONVERSION PROGRAM AND FUND.  
1 3 1. The department shall establish and administer a digital  
1 4 film equipment conversion program to provide financial  
1 5 assistance to eligible movie theater businesses in the  
1 6 conversion from print film projection to digital cinema  
1 7 projection. For purposes of this section, "movie theater  
1 8 business" means an enterprise operated for profit and under a  
1 9 single management for the purpose of displaying motion picture  
1 10 films to the general public.  
1 11 2. To be eligible for the program, the owner of a movie  
1 12 theatre business shall meet all of the following requirements:  
1 13 a. The movie theater business projects motion picture  
1 14 films using physical film prints and does not have the  
1 15 capability to project motion picture films using digital  
1 16 cinema projection.  
1 17 b. The movie theater business is unable to purchase  
1 18 digital cinema projection equipment at a reduced cost from  
1 19 certain film production companies or film integrator companies  
1 20 through the virtual print fee discount programs offered by  
1 21 those companies. A movie theater business may meet this  
1 22 requirement by demonstrating a level of ticket sales too low  
1 23 to qualify for the discount, or by not typically displaying a  
1 24 motion picture film on the nationwide release date of the  
1 25 film.  
1 26 3. a. A movie theater business meeting the eligibility  
1 27 requirements of this section shall qualify for a loan in an  
1 28 amount equal to the amount necessary to purchase digital  
1 29 cinema projection equipment.  
1 30 b. The loan shall be offered at an interest rate of zero  
1 31 percent.  
1 32 c. The department shall adopt rules governing the terms  
1 33 and obligations of the loan, including repayment of the  
1 34 principal.  
1 35 4. a. A digital film equipment conversion fund is created  
2 1 in the state treasury under the control of the department  
2 2 consisting of moneys appropriated to the department for  
2 3 deposit in the fund and repayments of moneys loaned pursuant  
2 4 to this section.  
2 5 b. Moneys credited to the fund are not subject to section  
2 6 8.33. Notwithstanding section 12C.7, interest or earnings on  
2 7 moneys in the fund shall be credited to the fund.  
2 8 5. The department shall adopt rules for the administration  
2 9 of this section.  
2 10 Sec. 2. Section 15G.111, subsection 1, paragraph a,  
2 11 subparagraph (2), Code 2009, is amended by adding the  
2 12 following new subparagraph division:  
2 13 NEW SUBPARAGRAPH DIVISION. (g) The digital film equipment  
2 14 conversion program established in section 15.394. Of the  
2 15 moneys appropriated to the department pursuant to this  
2 16 subparagraph (2), the department shall allocate at least five  
2 17 hundred thousand dollars for deposit in the digital film  
2 18 equipment conversion fund.  
2 19 Sec. 3. Section 15G.112, subsection 2, Code 2009, is

2 20 amended to read as follows:

2 21 2. a. An applicant may apply to the Iowa economic  
2 22 development board for a waiver of the wage requirements in  
2 23 subsection 1.

2 24 b. The department shall provide a waiver of the wage  
2 25 requirements in subsection 1 to applicants for assistance  
2 26 under the digital film equipment conversion program  
2 27 established in section 15.394.

2 28 Sec. 4. CONDITIONAL REPEAL AND ENACTMENT.

2 29 1. If 2009 Iowa Acts, House File 656, is enacted, the  
2 30 sections of this Act amending sections 15G.111 and 15G.112 are  
2 31 repealed.

2 32 2. If 2009 Iowa Acts, House File 656, is enacted, section  
2 33 15G.111, subsection 4, as enacted by that Act, is amended by  
2 34 adding the following new paragraph:

2 35 NEW PARAGRAPH. i. For deposit in the digital film  
3 1 equipment conversion fund created in section 15.394, five  
3 2 hundred thousand dollars.

3 3 EXPLANATION

3 4 This bill provides for the establishment of a digital film  
3 5 equipment conversion program.

3 6 Converting movie theaters from the use of standard physical  
3 7 film projection equipment to digital projection equipment  
3 8 provides substantial savings to film production companies, but  
3 9 causes movie theaters to incur substantial costs. While film  
3 10 production companies frequently offer virtual print fee  
3 11 discount programs to defray the cost to theaters, not all  
3 12 theaters are eligible for these benefits, especially theaters  
3 13 in small towns with low ticket sales. The bill directs the  
3 14 department of economic development to establish a loan program  
3 15 to help theaters purchase the equipment necessary to display  
3 16 digital films.

3 17 The loans are offered at zero percent, but to be eligible a  
3 18 movie theater must not already have the equipment and must not  
3 19 be able to procure the equipment from the film production  
3 20 companies or certain film integrator companies through the  
3 21 virtual print fee discount programs.

3 22 The bill creates a fund in the state treasury under the  
3 23 control of the department and allocates \$500,000 of the moneys  
3 24 appropriated to the department through the grow Iowa values  
3 25 fund for deposit in the new fund. Repayments of loans are  
3 26 credited to the fund as is interest on the fund moneys.

3 27 Because moneys received from the grow Iowa values fund  
3 28 typically carry the job and wage requirements of Code section  
3 29 15G.112, the bill directs the department to waive those  
3 30 requirements for applicants to the digital film equipment  
3 31 conversion program.

3 32 The bill provides for the conditional repeal and enactment  
3 33 of provisions relating to the allocation of grow Iowa values  
3 34 fund moneys for purposes of the program. House File 656 makes  
3 35 significant changes to the appropriations within the grow Iowa  
4 1 values fund. Therefore, if House File 656 is enacted, the  
4 2 bill repeals the amendments to Code sections 15G.111 and  
4 3 15G.112 and provides for the allocation of the same \$500,000  
4 4 for the digital film equipment conversion program under the  
4 5 new grow Iowa values fund appropriations provisions.

4 6 LSB 1430YH 83

4 7 tw/nh/8.2